



**U.S. Department of Justice**

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*Eastern District of Pennsylvania*

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FOR IMMEDIATE RELEASE

August 7, 2003

**INFOMERCIAL “STAR” CHARGED WITH DEFRAUDING  
THOUSANDS IN COMPUTER SALE SCAM**

**Indictment Alleges More Than \$30,000,000 In Losses To Consumers,  
Financial Institutions, And Suppliers**

PHILADELPHIA – United States Attorney Patrick L. Meehan today announced that on August 6, 2003, a federal grand jury in Philadelphia returned a 42-count Indictment<sup>1</sup> against defendants GEORGE CAPELL and PATRICK BUTTERY, charging both defendants with twenty-seven counts of wire fraud, in violation of 18 U.S.C. § 1343, and eight counts of mail fraud, in violation of 18 U.S.C. § 1341. Further, the Indictment charges defendant GEORGE CAPELL with seven counts and defendant PATRICK BUTTERY of three counts of money laundering, in violation of 18 U.S.C. § 1957.

The Indictment alleges that, from in or about September, 1999 through in or about March 2001, defendant GEORGE CAPELL acted as the President and sole owner of two corporations, Computer Personalities Systems, Inc. (“CPSI”), doing business as the Video Computer Store, and Direct 2 U Network, Inc. (“D2U”), located in Pipersville, PA. The Indictment also alleges that from in or about October, 1999 through in or about March, 2001, defendant PATRICK BUTTERY acted as the chief financial officer of CPSI. According to the Indictment, CPSI was in the business of selling computers and computer-related merchandise and services to consumers across the country by advertising through infomercials broadcasted on cable networks, an internet website, and a retail store. The star of the infomercials would be defendant GEORGE CAPELL.

“The message here is that just because it’s on TV doesn’t mean it’s true,” Meehan said. “Consumers need to be aware that promises and attractive packaging don’t guarantee satisfaction.”

Typically, CPSI solicited orders from consumers placed over the telephone to CPSI sales representatives, or through the internet. Consumers would pay CPSI for their orders through

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<sup>1</sup>An Indictment or Information is an accusation. A defendant is presumed innocent unless and until proven guilty.

personal checks or money orders, credit cards, or financing offered through CPSI in conjunction with financial companies. D2U was in the business of producing infomercials featuring defendant GEORGE CAPELL and computers and computer-related merchandise and services offered by CPSI to consumers. D2U also was in the business of buying air time on various cable networks in order to broadcast these infomercials.

The indictment alleges that defendants GEORGE CAPELL and PATRICK BUTTERY engaged in wire fraud and mail fraud schemes designed to defraud thousands of consumers from across the country and thereby caused millions of dollars in losses to consumers. The scheme to defraud alleges that defendant GEORGE CAPELL made and caused to be made a variety of false representations through the infomercials, the internet, and the CPSI customer service department, including false representations regarding the true ability of CPSI to provide advertised merchandise, technical support, repairs, refunds, and rebates. The indictment further alleges that defendants GEORGE CAPELL and PATRICK BUTTERY also prevented CPSI employees from paying refunds to many customers, honoring the 30-day money-back guarantee to many customers, and paying rebates promised by defendant GEORGE CAPELL and CPSI.

The indictment also alleges that defendants GEORGE CAPELL and PATRICK BUTTERY engaged in a wire fraud scheme to defraud financial companies, including MBNA, Fleet Bank and NOVA Information Systems, Inc., thereby causing at least approximately \$20,000,000 in losses. The scheme to defraud alleges that defendants GEORGE CAPELL and PATRICK BUTTERY attempted to keep CPSI in business and force other businesses to bear the financial burden of CPSI's costs of doing business by making and causing to be made false representations to financial companies about the nature and business practices of CPSI and D2U, and the ability of CPSI to make payments owed.

The indictment further alleges that defendants GEORGE CAPELL and PATRICK BUTTERY engaged in a wire fraud scheme to defraud suppliers of products and services to CPSI, including computer suppliers Aspect Computers, Inc., Everex Systems, Inc., Ingram Micro, Inc., and cable television airtime supplier Ocean Communications, Inc., thereby causing vendors to lose in excess of \$10,000,000. The scheme to defraud alleges that defendants GEORGE CAPELL and PATRICK BUTTERY again tried to keep CPSI in business and force other businesses to bear the financial burden of CPSI's costs of doing business by making and causing to be made false representations to suppliers about the financial condition of CPSI and false promises to pay for products and services.

Finally, the Indictment alleges that, during 2000 and 2001, defendant GEORGE CAPELL sought to launder over \$475,000 of the proceeds obtained through the wire and mail fraud schemes by writing checks for his purchase of four items, including a 2000 Dodge Durango, a 1967 Chevrolet Corvette, 17.93 acres of property, and a 2001 Monaco recreational vehicle, and by writing three checks, worth about \$135,000 combined, for the benefit of defendant PATRICK BUTTERY. The

indictment also alleges that defendant PATRICK BUTTERY participated in the money laundering which involved the \$135,000 in checks written by defendant GEORGE CAPELL for his benefit.

INFORMATION REGARDING THE DEFENDANTS

NAME	ADDRESS	AGE OR DATE OF BIRTH
George Capell	Gardenville, PA 18926	52
Patrick Buttery	Philadelphia, PA 19136	54

If convicted, defendant George Capell faces a maximum possible sentence of 320 years of imprisonment, \$12,750,000 in fines, and five years of supervised release. If convicted, defendant Patrick Buttery faces a maximum possible sentence of 280 years of imprisonment, \$12,000,000 in fines, and five years of supervised release.

The case was investigated by the United States Postal Inspection Service, the Federal Bureau of Investigation, and the Internal Revenue Service, Criminal Investigation Division, and has been assigned to Assistant United States Attorneys Judy Goldstein Smith and Peter D. Hardy, and Special Assistant United States Attorney James Puchala.

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